



# Shelby County Government

A C Wharton, Jr.  
Mayor

May 21, 2007

To all employees and retirees:

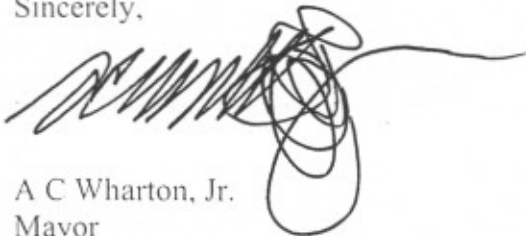
I want all of you to be fully informed of current discussions with the County Commission regarding retiree health and life insurance. We need to change the way we account for retiree health and life insurance to provide for these benefits during the years you are an employee so the money will be available to pay for these benefits in your retirement years.

In order to fully fund these benefits over a number of years, the County's annual expense would increase by \$36 million. The current discussion with the County Commission is intended to find the appropriate balance of providing good retirement for our employees and not over taxing the citizens of Shelby County.

In good faith, I can not ask the Commission to increase the property tax rate by 22 cents to fully fund retiree health and life insurance. Therefore, our alternatives are to either make some changes to our benefits or reduce the number of employees. While it may be appropriate to have some reduction in the total number of employees over time through attrition, I am opposed to any forced reduction in the number of employees.

Our finance people are doing an excellent job of finding some creative ways to provide a portion of this funding. They have also provided the Commission with a number of alternatives for changes to retiree health and life insurance. On our web site we have put this letter along with additional information and the alternatives being presented to the Commission. The Commission will be having a hearing on June 4, 2007 at 12:30 to discuss these alternatives. I ask all of you to be understanding that some benefit changes are necessary. It is my goal to maintain good retiree health and life insurance benefits and provide funding for those benefits so they can be assured in the future.

Sincerely,



A C Wharton, Jr.  
Mayor